1989 National Packers Report
Report Picture • A Crisis in Credit
SEAFOOD
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MARCH/APRIL 1989

CONTENTS

12

1989 NATIONAL PACKERS REPORT 12

Our annual review and forecast, previously published in *Seafood Business* as the Pacific Packers Report, expands its range beyond the West Coast. *By Peggy Parker*

Groundfish	14
Catfish	18
Salmon	20
Snapper, Grouper, Tuna	24
Scallops	26
Crab	28
Shrimp	30

34

FEATURES

A Crisis in Credit 34

The best way to keep your company in the black is to get nosy about your customers' finances. *By Caroline Perkins*

The Export Picture 44

A seafood-hungry world is buying more U.S. products all the time. *By Bruce Buls*

44

DEPARTMENTS

The Cutting Edge	3
Supplier Business	7
Upstream	53
Guest Column: Jeanne McKnight	55

COVER: Almost worth their weight in gold, these king crab make their way by conveyor belt into the plant in Alaska for processing. *Photograph by Matt Johnson.*

A supplement to *Seafood Business*, March/April 1989

Dawn Peterson, Art Director

High Resolution, Inc., Composition Services

1989 National Packers Report

Production, supply, and their effect on the market

By Peggy Parker

As a country, we eat more seafood than we produce. Since the early 1970s, imports have accounted for two-thirds of our total supply of fish and shellfish. But America's fishermen and packers produce more fish than meets the eye of the domestic consumer. Exports account for roughly 40 percent (by weight) of all the fish and shellfish landed in this country.

Imports, which have always played a major role in total seafood supply, now account for a lower percentage of the nation's supply than they used to. Between 1985 and 1987, seafood imports dropped from 64.7 percent of the total to 62.6 percent. With currencies stronger overseas, and domestic landings generally healthy, this trend is likely to continue.

Monitoring the production/supply scene and tracing its effect on the market is what National Packers Report is all about. For more than 87 years, *Seafood Business* has tracked West Coast production records and market variables of the previous year in Pacific Packers Report. NPR is a national version of that service, offering processors and distributors, for the first time, a look at the production side of the country's most fascinating food industry.

Seafood is big business — the industry added $30 billion to the nation's gross national product in 1987. 1988's contribution is expected to be even higher.

In the following pages, we will explain how the variables of production and supply affected the market in 1988 and offer some cautionary words for 1989.

First, let's look at ourselves as producers — just how fruitful are the seas off our coasts?

Overall, landings are up. America's fishermen are landing 65 percent more than they did in 1971. In 1987, a record 3.95 billion pounds of edible fisheries products were caught. Increases have been recorded in many areas, but the most significant rise is in Alaska, where domestic landings have jumped from 964 million pounds in 1983 to 1.7 billion pounds in 1987. Pollock accounts for most of the increase. New England's story is not such a happy one: catches have slumped from a high of 788 million pounds in 1980 to 545 million in 1987. Last year's catches are estimated to be lower yet, tightening supplies on haddock, cod, and flatfish.

The shrimp resource in the Gulf of Mexico has been relatively abundant in the past four years. Last year's landings will be slightly below 1987's catch of 257 million pounds, but nowhere near the lows of the early 1960s. Shrimp imports are rising steadily, however, so competition for market share increases each year.

Domestic landings don't tell the whole story, though. The United States sells seafood "on the hoof," so to speak, to foreign nations who bring mother ships and catcher/processor vessels into our waters. This directed foreign fishing is being phased out in all areas except the North Atlantic. There, foreign catches of Atlantic mackerel jumped from 19,000 metric tons in 1986 to 29,000 in 1987. Last year, the TALFF (total allowable level of foreign fishing) for mackerel was 90,000 mt.

In contrast, the foreign catch of Alaska pollock dropped from more than 352,000 mt in 1986 to

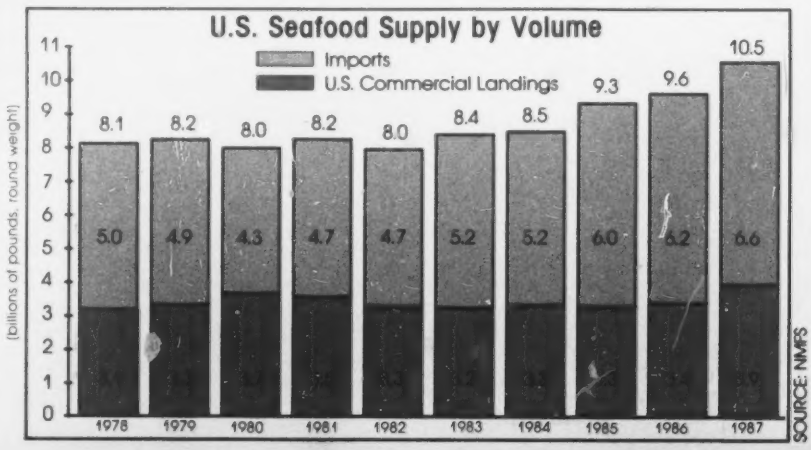
Seafood is big business — the industry added $30 billion to the nation's gross national product in 1987. These halibut could be part of the 40 percent share of the U.S. catch that finds its way to overseas markets.

DAVID GORDON

zero in 1988. The same amount of pollock is being landed, but by American vessels for American processors.

Caught in a no man's land between domestic landings and foreign fishing are joint/venture operations. These are arrangements between U.S. harvesters and foreign processors, in which U.S. fishermen transfer their landings to foreign processing ships on the high seas.

Joint/venture activities will be drastically curtailed in 1989, as domestic processors claim a bigger piece of the resource pie. Last year, pollock was the number one species for JV operators: more than 800,000 metric tons were landed by Alaskan JV vessels. This year they can't take more than 93,415 mt, an amount that was landed within weeks of the season's opening in mid-January. Cod, too, will be cut, as quotas drop to 37,500 mt from last year's catch of 100,600 mt. It's another case of the pie staying the same size, but American processors getting a bigger slice.



SOURCE: NMFS

Groundfish

A tale of two coasts

Despite higher landings of Atlantic cod in 1988 than in 1987, cod stocks off the eastern U.S. Coast are in serious trouble. Record-high fishing effort has been the culprit, particularly in the Georges Bank area, from which 70 percent of the U.S. landings are taken. In the first three quarters of 1988, cod landings from Maine to Virginia were 25,000 mt, up from year-earlier catches of 20,000. Observers predict 35,000 mt will be the final tally, about 9,000 more than in 1987.

These figures are dismal compared to average catches between 1981 and 1984, when 47,000 mt were landed off the East Coast each year. During that period Canada produced 470,000 mt annually, but it brought in only 453,000 mt in 1987.

A greater number of older and larger fish were caught in U.S. waters in 1988, leading biologists to speculate that '89's catch will depend on smaller, two- to three-year-old fish, rather than three- to five-year-olds. With the new 19-inch minimum size limit in place, landings are likely to drop precipitously this year.

Consequently, U.S. buyers will be depending more on imports — but that doesn't mean they'll get them. Canadian exports of cod are expected to be lower than in 1988. Quotas are down in Iceland and Norway. More of what the Scandinavians land will be sold in Europe, as stronger currencies continue to lure products away from a weak dollar market.

Off the Alaskan coast, however, landings of Pacific cod are high — 115,000 mt were caught through December 1. Year-end catch totals are expected to yield another 85,000 mt for domestic processors. This year, the Pacific cod quota from the Gulf of Alaska and the Bering Sea/Aleutian Island area is more than 222,000 mt.

> One longtime industry observer says about 45 percent of the pollock quota will be used for surimi this year.

The fleets involved provide a good illustration of the difference between the two fisheries. Most of the cod caught off the East Coast is landed by day boats (vessels that return to port every day) and processed on shore. In Alaska, cod is landed by factory trawlers, frozen at sea, and shipped to market from the vessel.

The area to keep an eye on is the Gulf of Alaska and the Bering Sea, where flounder stocks are so abundant that a large portion of the quota still goes to joint-venture operations. But domestic processors are coming on line, and quickly. The market will determine how soon big volumes of Alaskan flatfish will be processed domestically. Currently, most of the resource (some 170,000 mt, most of it yellowfin sole) is caught by JV companies, processed in foreign countries, and exported back into this market as value-added fillets or blocks.

Although Pacific and Atlantic cod are two different fish (*Gadus macrocephalus* and *Gadus morhua*, respectively), they are close enough in flavor, texture, and visual appeal to fit in the same general market. So when there are shortages on the East Coast, one might expect that North Pacific product would be a natural to bring in. Pacific cod already has a strong market in Asia, however, so once again U.S. buyers will be competing against prices supported by strong currencies in other markets.

Last year's prices were on a downward slide through September, but they jumped substantially in October, once production for the year was in. By mid-January, 1–3 Canadian cellos were selling for $1.60 to $1.65. This year's market will present a challenge for producers who must find an optimum price — one low enough to keep their customers coming back, but not so low that they run out of product. Cold-storage holdings on fillets were down by 7.4 million pounds in November, but block holdings were up from last year by nearly 4 million pounds.

The story on Atlantic pollock is worse than that for Atlantic cod, particularly in light of burgeoning stocks of Alaska pollock in the North Pacific. Atlantic pollock landings through the first nine months

On the East Coast, cod stocks are in trouble. On the West Coast, landings are high. There are other differences between coasts — day boats land cod in the East, while factory trawlers are favored in the West.

of 1988 were 8,700 mt, about 65 percent of the catch last year at that time. In New England, pollock landings in 1988 were just over 50 percent of landings a year earlier. Demand is light, however, so prices are not reflecting the lower supply.

Alaskan pollock stocks are monitored carefully, and they appear to be in good shape. Catches through December 20 were 561,000 mt, nearly three times the quota/catch for 1987. This year, the domestic catch will be more than 1 million mt. (Again, this does not reflect growing stocks so much as realigned quotas. Joint-venture operations are getting less, domestic processors more.)

More of the pollock landed in the Bering Sea will be used to make surimi this year than last, but industry observers are hesitant to predict actual numbers. The growth in surimi-manufacturing capability, however, is dramatic. By the end of this year, the factory-trawler fleet will include seven strictly surimi boats and 16 with surimi/fillet capabilities. Processors will be able to shift production almost weekly, depending on market conditions. With this kind of flexibility, forecasting is difficult, but one longtime industry observer says about 45 percent of the pollock quota will be used for surimi this year.

Underscoring the Americanization of surimi manufacturing is the significant drop in Japanese exports of surimi and surimi-based products. Through October, 7,700 mt of imitation crab had been exported to the U.S. — less than half the amount exported a year earlier. Yet Japan's exports to other countries (Canada, Australia, Italy, and France) grew significantly during that period.

Prices on frozen-at-sea pollock remained steady through the last quarter of 1988 and the first month of 1989. The mild-tasting whitefish is being considered by a large seafood restaurant chain for a major rollout this year. If the project flies, pollock could be in short supply, sending prices of certain sizes upward.

East Coast flounders, in general, weighed in at less last year than in 1987. Yellowtail flounder was the biggest loser — 3,600 mt landed, compared with 5,600 in 1987. Winter flounder and witch flounder catches were closer to historical levels: 5,900 mt and 3,100 mt, respectively, compared with 6,200 and 3,000 a year earlier.

Price levels for the fresh market have followed traditional patterns — higher in summer, then dropping in the winter. Gray sole is an alarming exception this year. Prices in late January were as high as $14 a pound in New York, compared with $8 a year earlier and $9 six months earlier. Gray sole landings in New England were slightly higher in 1988, but the scarcity of other fresh flatfish may account for the increased price.

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Circle Reader Inquiry #4

1989 NATIONAL PACKERS REPORT
CATFISH

Catfish

Lack of fish a problem

Catfish sales were up only about 5 percent in 1988 from 1987's record level of $294 million, but farmers' income from those sales increased around 35 percent, to $66 million. The farm value of farm-raised catfish in Mississippi was estimated at $301 million in 1988, according to the Mississippi Cooperative Extension Service, up 28 percent from the 1987 figure of $235 million. The increase was due largely to an increase in pond-bank prices that reached historic levels of 80 cents per pound at the end of 1988, up 16 cents from December 1987.

The Mississippi Catfish Farmers Marketing Association has put on hold a decision to raise the live-weight price to 85 cents on January 9, and to 95 cents on April 3, 1989. Instead, the farmers will wait and see how Lent sales go — if demand picks back up, a price rise seems inevitable.

For the past two years, there has been only minimal new pond construction. While sales increased at a 30 percent clip in 1987, supplies of fish increased by less than 10 percent. The result: processors dipped into inventory to feed the sales push. That caused a shortage of 45 million pounds through the first three quarters of 1988, according to USDA estimates.

If prices to farmers stay at about 80 cents a pound, there could be pond expansion of better than 10 percent in the prime producing states of the Southeast. It takes 18 months for a catfish to reach maturity, but growth should ease the supply crunch in the long term.

In spite of a $3.5 million advertising campaign, the industry feels it still has more processing capacity than marketing capability. The Catfish Institute and individual processors will continue to expand marketing campaigns (TCI is adding seven states to its '89 campaign), but demand could be inconsistent as retailers and distributors ease off purchases because of spotty supply.

Lack of fish was a major factor in 1988, and it could be a problem again in 1989, as acreage growth again looks small and spring shortages are expected. An emerging demand for smaller sizes has also given processors trouble. When supplies of 1½- to 2-pound catfish ran short in 1988, processors began selling more ¾- to 1-pound fish. But when foodservice operators began clamoring for the smaller sizes because they fit more easily into portion-controlled servings, processors got worried. There will probably be a lot of bigger fish (producing fillets larger than 8 ounces) on the market during 1989, and processors are scrambling to develop marketing campaigns that will promote and sell the larger sizes effectively.

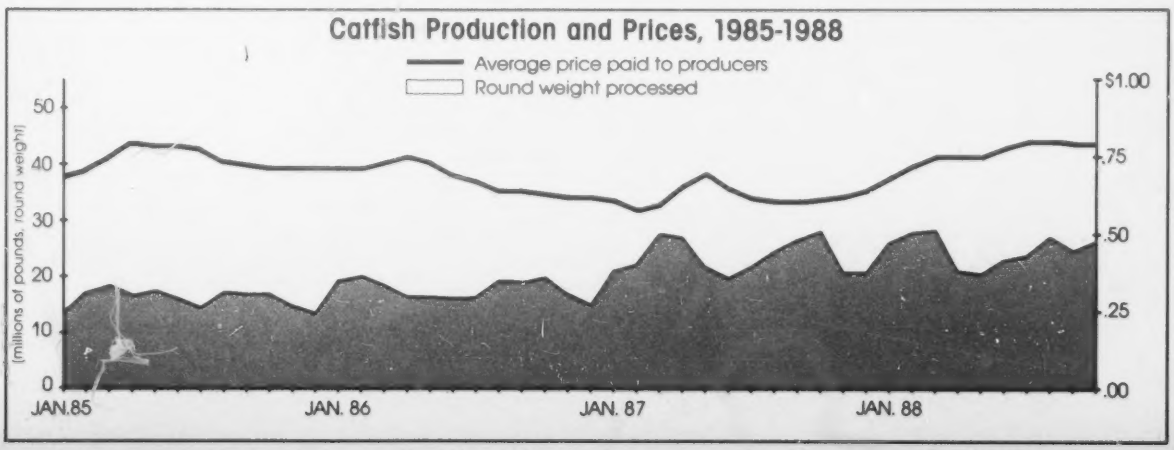
Because of the supply of larger fish, frozen inventories jumped to 7.16 million pounds at the end of 1988, up from 3.9 million pounds at the end of 1987. The rise has been attributed to soft demand for larger sizes, and the traditional stockpiling for winter sales.

The catfish outlook for 1989 is clouded by several factors: increases in pond-bank prices (caused partially by the drought that raised feed prices) are cutting processor profits thin, a situation compounded by several new processors who are trying to gain initial market share by discounting prices. Even though processing of farm-raised catfish was 21 percent higher in November 1988 than a year earlier, prices processors receive continued to decline. Processors are likely to push for higher prices in the spring, partly in response to pond-bank prices, but also in response to tightening supplies of what are now seen as premium-size fish.

Growth in the farm-raised-catfish industry will probably come from other areas in the next few years, as a 5.5 million-pound indoor production facility in southern Virginia comes on line. A new processing plant in North Carolina, capable of handling 4 million pounds a year, is expected to provide a market for nearby Georgia farmers, who are eager to expand.

Despite the expected increase in production, the supply of catfish is seen as two years away from hitting its historic cycle of excess demand followed by excess supply.

Catfish imports rose 5 percent from 1987; most imported catfish comes from Brazil.



Salmon

Growing production in 1989

The growing strength of the yen fuels the competitive fires of the salmon market. Last year the Alaska catch was nearly 100 million salmon, 10 million of which were fish that started life in hatcheries.

Salmon processors and distributors are probably ready for a long rest in a quiet place after last year's market. Commercial landings in Alaska were delayed just long enough for wholesale prices to reach record highs. About the time distributors were buying quantities for future trading, the runs showed up, forcing prices down by as much as a dollar a pound in some cases.

These price fluctuations occur every year to some degree, because of the wild nature of the fishery. "Wild" is a key word when the fortunes of an industry hinge on the homing instinct of millions of fish. The instinct may be intense, but it's not always reliable. Sure, the fish will return, but when? A delay of even a few days in a run of 20

million fish will have any processor chugging Pepto Bismol.

Competition among processors is fierce each year. Japan — the market of choice in this fishery — wants good-quality fresh or frozen red salmon. It doesn't take a shore plant to provide this, and there are hundreds of low-overhead floating processors ready to buy high and sell low to get a piece of the market. The growing strength of the yen fuels these competitive fires.

When Alaska catches were tallied last year, the total was larger than expected: 99.2 million salmon, nearly 5 million more than the year before. Most of them were pinks, although actual catches were dismal compared with predictions. Landings broke out as follows: 49.3 million pink, 29.9 million sockeye, 15 million chum, 4.4 million coho, and 0.6 million chinook.

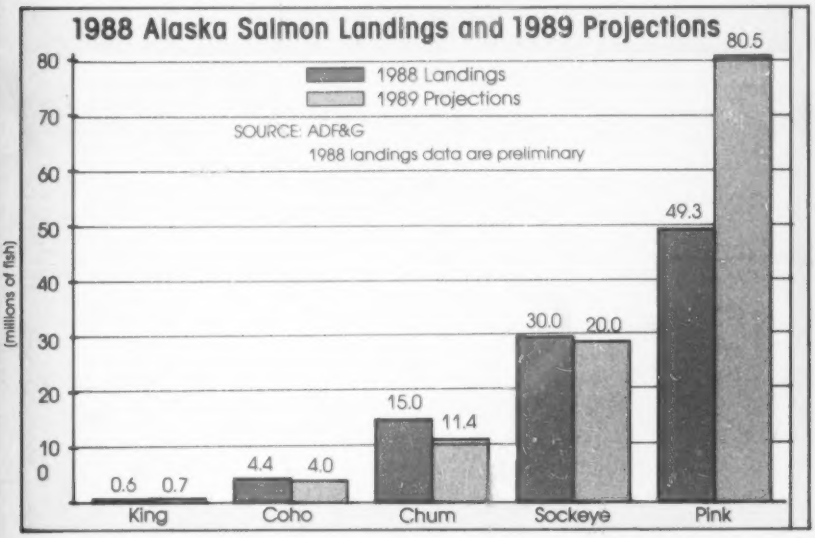
About 10 million fish out of Alaska's total catch last year were salmon that began life in hatcheries. Ironically, in a state where salmon farms are illegal, the take of ocean-ranched salmon increases every year.

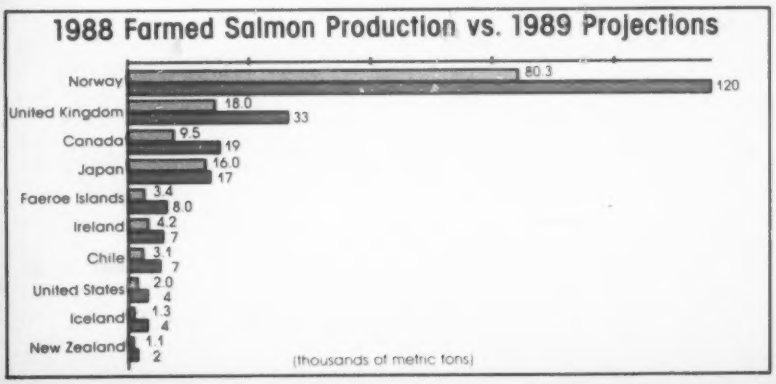
Salmon landings on the West Coast were down in British Columbia and Washington, but up in Oregon and California. In B.C., 73.3 million salmon were caught: 45.7 million pink, 12 million chum, 8.8 million sockeye, and 2.7 million coho. The total is some 23 million fewer fish than in 1987. Washington fishermen landed 4.3 million fish, including 1.7 million coho and 1.2 million chum. 1988 was an off-year for pink, which return every other year (in 1987, some 2 million pink salmon were landed). California salmon landings totaled 1.4 million fish, up substantially from historical harvests. Most of the California catch is chinook salmon.

Alaskan biologists predict a harvest of 126 million salmon this year: 80.5 million pink, 29 million sockeye, 11.4 million chum, 4 million coho, and 0.7 million chinook. Bristol Bay, the major sockeye producer in the state, is expected to produce 16 million red salmon this summer.

The additional pink salmon should be welcome in a market scrambling for canned pinks. Between January '88 and January '89, the price on 24-tall cases

MATT JOHNSON





jumped from $55 to $80. Just over 1.36 million cases of pinks were packed last year, compared with 1.42 million in 1987 and 2.27 million in 1986.

Canned reds are even harder to come by. Some 240,000 cases were put up last year — less than half the amount packed in 1987. Prices ranged from $122 to $150 for 24-talls in mid-January, a 35 to 50 percent price hike in 12 months.

On December 1, canned salmon stocks were posted at 1.5 million actual cases, down 25 percent from a year earlier. Two-thirds of this inventory is pink salmon.

Year-end inventories of frozen salmon were high. Chums are the most abundant — 22.9 million pounds compared with 12.8 million in December 1987. There are also plenty of coho (9.9 million compared with 4.3) and chinook (5.8 million versus 3.4). Pink stocks are holding about even at 1.9 million pounds, and sockeye holdings of 2.8 million are up by a million pounds.

Prevailing prices when the season opens May 15 in Alaska will be determined by the Japanese seafood buyers who are in on the first deals. Inventory in Japan is high (about 20,000 mt more than last year), and buyers may be reluctant to meet last year's high grounds prices. If the canned market continues strong, Alaskan processors may put more reds and pinks into the canned pack this year.

The abundance of farmed Atlantic and Pacific salmon may ease prices somewhat for domestic buyers this year. Norway, producer of 80,000 mt of farmed Atlantics last year, will be cranking out 120,000 mt this year. U.S. buyers traditionally have received about 25 percent of Norway's exports, but last year we imported substantially less — 9,676 mt — due to stronger currencies in Europe. Still, that amount was 2,000 mt more than in 1987.

This year's imports will depend almost entirely on market prices, and Norwegian farmers are not predicting.

The Scandinavians intend to ship more frozen salmon to Japan, where they will find Chilean frozen salmon already in place. The Chilean farmers shipped slightly more fish to Japan last year than they did to the U.S., most of it frozen. U.S. importers will take 2,500 mt of this season's harvest by the end of March. (The Chilean farmed-salmon season runs from December through March or April, the austral summer.) Of that, about 1,500 mt are coho, 600 mt Atlantics, and 400 mt salmon-trout.

British Columbia's harvest of farmed salmon came very close to predictions last year — 6,000 mt (mostly king and coho) were harvested through 1988. This year, preliminary forecasts estimate 15,000 mt will be landed, 75 percent of which will be chinook.

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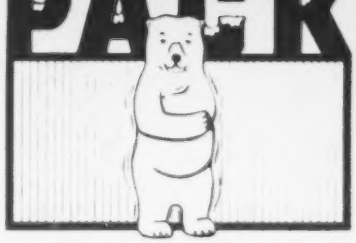

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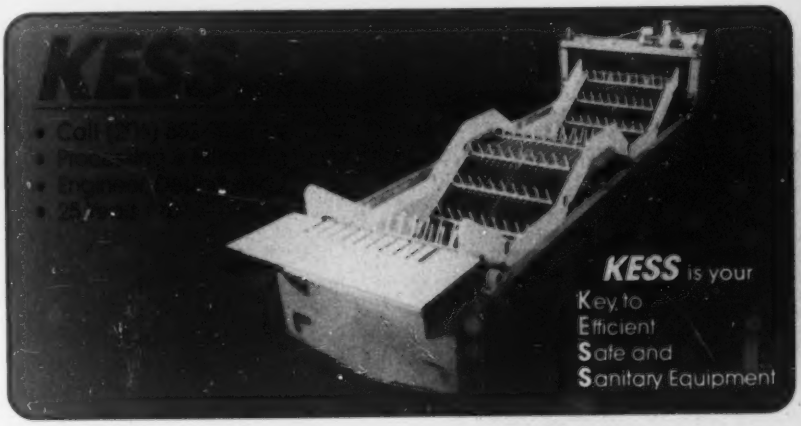

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Circle Reader Inquiry #3

Tuna, Snapper and Grouper

Supplies tighten

Tuna, like other species produced offshore and marketed around the world, are price- and currency-sensitive.

Tuna landings through September were almost level with 1987 catches, but imports (which make up the bulk of U.S. supply) were down significantly. This explains the record-high prices that were evident at the end of January, and bodes ill for the rest of the year.

Tuna, like other species produced offshore and marketed around the world, are price- and currency-sensitive. Much of the production from Ecuador is being diverted to European markets. Imports of fresh and frozen tuna dropped from 389 million pounds through the first 10 months of 1987 to 317 million pounds through the same period last year.

Canned imports from all producers and in all species are up, however. Imports through October 1988 topped 231 million pounds, compared with 188 million a year earlier.

Less than 20 percent of the U.S. consumption of snapper and grouper is landed domestically. Imports from Mexico and Central America account for most of our consumption, and when poor weather or currency fluctuations occur, U.S. buyers feel it. When hurricanes devastated grouper production off Mexico last fall, prices rose to $5.60 for fillets. Snapper prices also jumped: fillets that sold for $5 in January 1987 were moving at $5.75 in January 1988.

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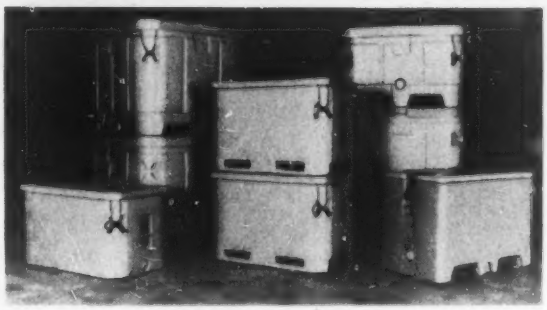

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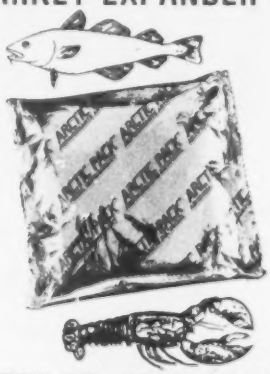

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Circle Reader Inquiry #31

Scallops

Supplies strong; prices moderate

Supplies are expected to be strong this year, so prices should stay moderate.

Sea scallop landings appear to have peaked in 1987. Last year's landings were below those of 1987, but far higher than the catches of the early 1980s. Normally a very cyclic fishery, sea scalloping is done off the Eastern seaboard from New York to Virginia, where it is that state's most important food fishery. Last year Virginia scallopers, using otter trawls during the summer season, landed more than 6.5 million pounds, for a value of more than $26 million. There is a small fishery in Alaska, but most of the domestic landings for sea scallops come from the East Coast.

Last year's total landings of sea scallops were approximately 23 million pounds through September, very close to 1987's landings for the same period.

Calico scallops are the smallest of the three commercial varieties; bay scallops, caught in inshore waters off the New England coast, are smaller than seas but larger than calicos. The calico fishery has been known for its peaks and valleys, but production appears to be healthy this year. These mollusks are short-lived (18 months) and highly migratory, so fishermen after calico scallops are more hunters than gatherers. Good-size calicos — in the 100–150-count range\ — are being harvested from beds recently discovered in the Gulf of Mexico.

Inventories of scallop meats were low in late November: 5.2 million pounds compared with 7.5 million a year earlier. Supplies are expected to be strong this year, so prices should stay moderate.

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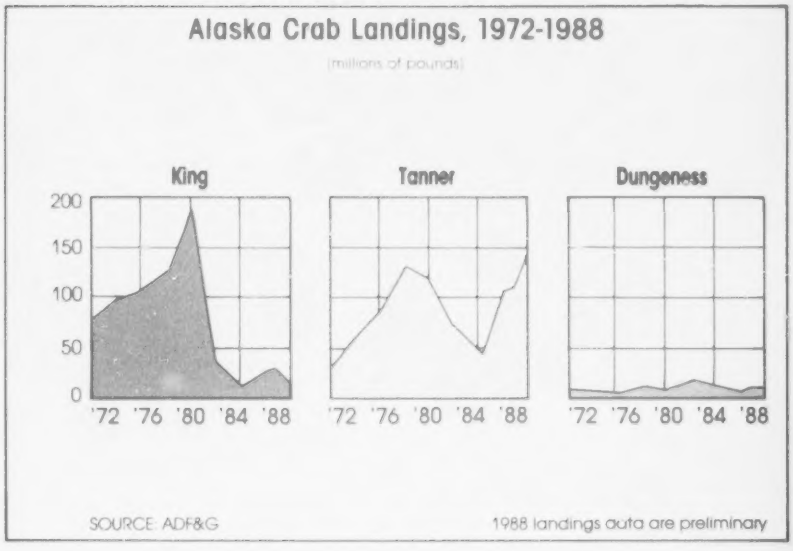
Circle Reader Inquiry #43

Crab

Spotty production supplies upscale market

Red, blue, brown, hard- or soft-shell, the crab market offers variety of product for the consumer, but potential headaches for the supplier who must contend with the whims of Mother Nature in this high-stakes fishery.



Until someone comes up with a successful aquaculture program for crab, this fishery is best left to big-time gamblers and risk-takers. The whims of Mother Nature can make or break the seasonal fortunes of crab suppliers. But once the shellfish gets to market, suppliers can rest assured it will bring premium prices.

Chesapeake watermen got the jitters last spring when the first major shedding period for blue crab didn't happen. May, traditionally a big production month, sported full moons on the first day of the month and on the last day. Since blue crab get a strong urge to shed around the time of a full moon, harvesters were anticipating a bumper crop. But nothing happened.

Biologists say cool temperatures and weeks of stormy weather hampered shedding activity. Prices went up as buyers feared lower overall production levels. But in July a run of soft-shells arrived, and prices dropped $2 to $3 to around $16 a dozen. August brought the traditionally strong showing of soft-shells, and prices stayed down, although they were still above 1987 levels.

Domestic demand for soft-shell crab has grown steadily in the past five years, and threatens to overtake ready supplies. But the stocks in the Chesapeake are healthy, according to biologists, who predict generally strong landings throughout 1989.

Prices on hard-shell blue crab fluctuated greatly last year, due to spotty production. Overall, landings were slightly higher than in 1987, but the lack of any significant early summer run shot prices up to $60 a bushel for #1 Jimmies headed for the restaurant trade. By August and September, when production began showing up, prices dropped to $8 a bushel for some product.

Dungeness landings were strong in Washington, Oregon, and Alaska last year. End-of-year inventories illustrate it clearly: holdings were five times those of a year earlier. All areas except British Columbia did well last year. Washington fishermen hauled in 14 million pounds — twice the 10-year average. Alaska brought in 10.4 million, 1 million more than in 1987. Oregon's take was significantly higher — 9.4 million compared with 6 million in 1987. British Columbia's landings of 2.6 million

MATT JOHNSON

pounds were 1 million short of 1987's.

The Dungeness season has not started out well this year, with low meat yield in much of the California and Oregon landings. Washington fishermen experienced the phenomenon to a lesser extent, but prices dropped from $1.75 for live crab in early December to $1.55 in late January.

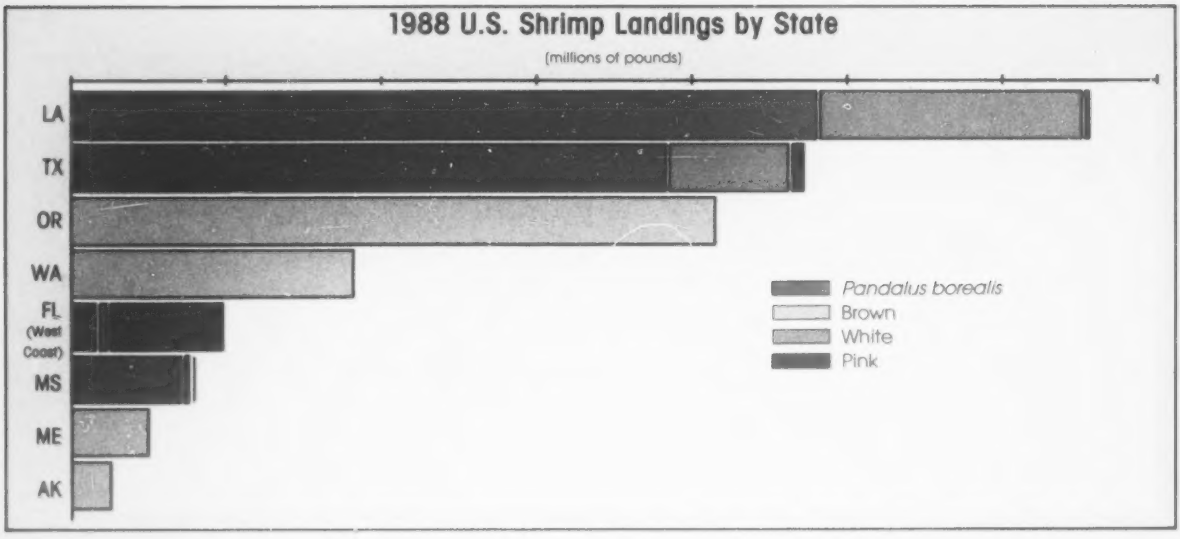
Inventories of Alaskan king crab reflect the tight supplies we can expect for the rest of the year. In 1988, a total of 15 million pounds of kings were landed — about half of 1987's catch. Landings of all three subspecies (red, blue, and brown, often marketed as golden) were down, but brown crab suffered severe declines. In 1987, just over 15 million pounds were brought aboard; last year, the catch dropped to 4.3 million pounds. Catches of reds — the creme de la creme of king crab — were 9.3 million pounds last year. Blue kings, which have always been scarce, totalled 1.3 million pounds. In 1987, Alaskans caught 13.5 million pounds of reds and 1.8 million pounds of blues.

The truly abundant crab continues to be *opilio*, the smaller of the two tanner crab landed in the Bering Sea. Stocks of tanner crab appear to be healthy and (so far) able to withstand the intense fishing pressure of the past several years. Last year's record-breaking landings brought 132.1 million pounds of *opilio* aboard (compared with 101 million pounds a year earlier) and 14.2 million pounds of *bairdi* (compared to 11.9 million pounds in 1987).

With so much *opilio* around, prices weakened in December and remained unstable through January. Japan's cold-storage warehouses reportedly were so full of *opilio* that some product was being shipped back to the United States. At what was the end of the year, 10.5 million pounds of tanner crab sections were in cold storage — about twice what was there a year ago.

Shrimp

Hot commodity will get hotter in 1989



Gulf shrimpers had their worst year on record since 1983, but because we import twice as much shrimp as we land domestically, low catches will not have a direct effect on the 1989 market.

The U.S. is currently the best market in the world for shrimp producers. While Japan imports slightly more than the U.S., Japanese demand has not kept pace with supply. October inventories in Japan were 126 percent higher than a year earlier.

In contrast, U.S. holdings in late November were just 70 percent of year-ago inventories — 50.6 million pounds, or less than one month's consumption.

Domestic landings for all species were tabbed at 142 million pounds, some 22 million pounds below 1987's total. Imports were up in 1988 (by late October, 381 million pounds had entered the country — 3 million to 4 million pounds more than a year earlier), but that just met rising demand.

Canada's Department of Fisheries and Oceans estimates that shrimp consumption in the U.S. was a record-high 2.4 pounds per capita in 1988.

For domestic producers, it was a year of high anxiety. Seasonal landings started low, with a preponderance of mid-size to small shrimp (exactly the size coming in from foreign farmers). Then Hurricane Gilbert hit. Shrimping was put on hold for two weeks while the storm careened through the Gulf, but the disturbance did not stir up any additional shrimp.

Meanwhile, imports of mid-size Chinese whites flooded the market last year, with shipments beginning in the spring. Heavy deliveries continued throughout the year; it seems clear that Chinese imports will be double what they were in 1987.

For much of 1988, Chinese shrimp were the only inexpensive shrimp around. Unexpectedly low domestic landings, only a "fair" season in Mexico, and the diversion of Ecuadoran shrimp to Europe all spelled higher prices for a demanding market at home. Even prices on Chinese whites moved up steadily throughout the summer, albeit at levels 30 cents below prices on domestic whites. Unlike other imports, Chinese whites came back down in price by the beginning of this year, when new production hit the pipeline: 31/40s started out at $3.80, rose to $4.05 in July and August, and settled at $3.80 in January 1989.

Prices on domestic, Ecuadoran, and Mexican shrimp climbed steadily in 1988. Ecuadoran 31/35s took the wildest ride, actually pricing themselves out of several markets in July and August, when the price reached $5 a pound. Ecuadoran exporters were forced to make significant "adjustments" in pricing to regain customers, but the late-January price was still fairly high — $4.70 compared with $4.25 a year earlier.

Most prices were higher (in some cases by as much as 75 cents) than in January 1988. For large sizes of raw headless product, prices will likely continue firm through the first half of 1989. Lenten discounts and sales volume may lower average prices in the mid-size ranges during the first quarter of the year. Downward pressure on these sizes is also expected from an increase in farmed imports, the majority of which fall in the mid-size range.

Louisiana led this country in production with 65.7 million pounds, most of it browns (73 percent) and whites (26 percent). (Sea bobs made up the remaining 1 percent.) Texas was second with 49.1

Diverse factors worldwide — from Hurricane Gilbert to diversion of Ecuadoran shrimp to Europe — spelled higher prices in 1988 in the demanding U.S. shrimp market.

million pounds, primarily browns. Both states' catches fell far below 1987 levels. Louisiana landed 69.8 million pounds, Texas 55.3 million. Overall, landings of Gulf shrimp were just 87 percent of the 1987 total.

Canned shrimp production was down 3 percent from 1987's pack of 576,000 cases. Imports of canned product were also down, a result of more shrimp's being sent to countries with stronger currencies.

The production/import story for cold-water shrimp is the opposite of that for tropical shrimp: U.S. production is growing, while imports are falling off. Oregon shrimpers landed 41.7 million pounds last year, just 3 million pounds less than in 1987, for the fourth-highest catch since records were begun in 1952. The average Oregon catch for the previous 10 years was about 27 million pounds; the record catch of 57 million pounds occurred in 1978.

Washington's shrimp landings were posted at 18.2 million pounds, 2 million more than the year before. British Columbia's catch was 4.5 million pounds, down from 1987's catch of 5.8 million. Alaska shrimpers hauled in 2.1 million pounds by trawl and 0.5 million by pots, about the same as the year before. Most of the trawl-caught shrimp are pinks (*P. borealis*), while pots attract spot shrimp, a large species sold in white-tablecloth markets.

Oregon landings, which have had size problems in the past, showed excellent counts-per-pound coastwide. Two years ago, shrimp processors refused to accept anything smaller than 150 count, and many shrimpers were turned away from the docks. Last year, counts ranged from 89 to 131 shrimp per pound.

Last year's New England shrimp season, which ran from December 1, 1987, to May 31, 1988, was not so productive. Combined landings off Maine, New Hampshire, and Massachusetts were 3 million pounds, some 2.2 million pounds less than in 1987, and the lowest catch since 1983–84. Marine biologists predict that the 1988–89 season will be even less productive, due to the maturing of smaller-than-normal year-classes. On the East Coast, *P. borealis* take four years to mature before they are large enough to be caught. The 1987 year-class is considered quite abundant, however, so production should pick up in 1991.

Europe's cold-water shrimp production was dismal for the second year in a row. Norwegian landings were 2,000 mt below 1987's, and 20,000 mt short of 1986 catches. Very little was imported into the U.S. last year. Cold-water imports for 1989 should remain minuscule, with tight supplies going to European markets.

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